

# The Relationship between Corporate Social Responsibility and Financial Performance in Iraqi Industrial Companies, Firm Size as a Moderator

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## Abstract

The aim of study is to assess the relationship of corporate social responsibility (CSR) and financial performance (FP), and evaluate the moderate role of firm size in the relationship between corporate social responsibility and financial performance. This study based on a sample of 27 corporations listed on Iraq stock exchange (ISX). Information related to research variables is for 2016-2019 (4-year period). To investigate the association between variables of this research, CSR, (environment, employee, community, product and governance) as independent variable and corporate financial performance based on accounting data, return on assets (ROA), net profit margin (NPM) and earning per share (EPS) as dependent variable are considered, firm size as a moderator (total assets(TA) total revenue (TR). In this study, to analyse research data and the models estimation, the Ordinary Least Square (OLS) regression test was used. For the moderation impact of total assets and total revenue, eight moderation relationships have significant impacts but two relationships have no impact. Those two rejected are associated with CSR governance.

**Keywords:** Corporate Social Responsibility, Corporate Financial Performance, Firm Size, Iraqi Industrial Companies.

## Introduction

Corporate social responsibility (CSR) has been studied for a long time in most economic sectors. Recently, CSR seems to be popular and is considered as an important issue for businesses around the world (Tran, Bui, Phan, Dau, Tran, & Do, 2019). The reason is that the benefits CSR brings are quite clear such as: reducing rates of staff transferring, increasing customers' satisfaction, improving reputation; motivating employees; increasing access to capital, market share, and operation efficiency (Galbreath, 2010). Research on the relationship between CSR and financial performance attracted the attention of many scholars, according to the statistics of the National University of Hong Kong (2015), the articles related to CSR appear mostly in management journals and there have been about 310 articles on CSR (included in the title) in the Journal of Business Ethics since 1982, 90% of which were

published after 2000. According to the Academy of Management Journal (AMJ) (2016), from 1958 to 2015, AMJ issued 87 publications on this topic. 1030 However, studies of the effect of CSR on financial performance are a question with big doubt. A large number of studies show a positive relationship between CSR and financial performance (Cho, Chung & Young, (2019; Mohsin et al., 2021a). Some studies have shown a negative relationship between CSR and financial performance (Wagner-Tsukamoto, 2019). Therefore, there are many different views and disagreements about the relationship between CSR and financial performance. What leads to the differences between these research results? In this article, we examine the relationship between CSR and financial performance through mediate variable - firm size in Iraq.

## LITERATURE REVIEW

### Corporate Social Responsibility

CSR-Corporate social responsibility is one of the most crucial strategic issue for a company as it's used to communicate their ethical activities with their several stakeholders group. According to Idan, Rapani, Khalid & Al-Waeli, (2021) The Effect of Corporate Governance Attributes on Corporate Social Responsibility Disclosure in Iraqi Companies: A Literature Review. *Journal of Contemporary Issues in Business and Government*, 27(2), 2778- 2816. CSR is like a commitment to enhance community well-being through discretionary business practices and contributions for corporate resources and corporate social initiatives as major activities performed by an organization to assist social causes and fulfil commitment to CSR. The idea of CSR given by Freeman, Moutchnik, (2013) argued that organizations not only should do right by their products, environment and local communities but also with their employees in terms of profit-maximization. Freeman's work maintained to the responsibilities related with good corporate citizenship. On the other hand, Fadun (2014) suggested that addressing social responsibility is not only good for its investor but also other stakeholders. Solomon and Hanson expanded the view of stakeholders by including products, public interest groups, government agencies or regulators, employees and communities on Freeman et al (2013) idea. Some others

scholars also focused their valuable opinion regarding CSR. Such as Kirat (2015) focused on the idea of CSR as involving the maintenance of a high standard of living for stakeholders while increasing profits for organizations. Though several scholars are giving their valuable opinions regarding CSR but they all are agree in one point that there are three essential dimensions of CSR which are environmental, social, and governance (Wang, Dou, & Jia, 2016).

### Financial Performance

In this research study, financial performance is working as predictor variables. According to Wang et al. (2016) there is a link between CSR and financial performance which can be a wise focus for a researcher and can be an important part of the future study recommendations. Firms those have strong financial performance they also have substantial investments in responsible social programs (Wang et al., 2016). Now it's equally important to know the answer that how firms should measure their business performance accurately. In that case, Al-Waeli, Hanoon, Ageeb & Idan (2020) are articulated that to measure the financial performance there are two valuable source of financial information by which financial performance can be measured, one is stock market returns and another one is accounting-based measures. According to Flammer (2013) in terms of publicly traded firms, stock price information can be gathered from the stock market returns. On the other hand, the accounting-based measures not only provides firm's audited financial statements but also provide income statement, balance sheet and cash flow statement as well (Gomulya & Boeker, 2014; Naseem et al., 2021; Mohsin et al., 2021b). It also provides more details of firms' bottom line. Stock exchange price is used measure the financial performance; generally stock market financial measurement metrics used these prices to measure the financial performance. This measurement is immensely dynamic and base on the market activities it tends to fluctuate daily basis as well.

### Firm Size

Size of the firm is one of the most crucial firm attributes which influenced the firm's activities most, several studies found that firm size has a significant relation with CSR disclosure and financial performance. Such as (da Silva

Monteiro & Aibar-Guzmán, 2010; Sutantoputra et al, 2012; Naiwen et al., 2021; Ivascu et al., 2021; Li et al., 2021; Mohsin et al., 2021c) found the similar result in their study which denotes that firm size is associated with CSR disclosure and financial performance. On the other hand, Nelling and Webb (2009) argued that larger companies may have more resources rather than the smaller companies to conduct more social and environmental activities. Additionally, Petrenko et al, (2016) mentioned the reason behind this and illustrate that there is a positive association between size of the firm and CSR activities as larger companies have more funds, power and ability to perform CSR rather than the smaller companies. Subsequently, positive relation have been found between size of the firm and financial performance as larger companies get advantages in their production line and also they can manage their resources in best ways rather than small companies. According to Liston-Heyes & Ceton (2009) an effective corporate strategy appears to be affected by the size of the firms because activities of large companies are monitored by the public and nearby communities most. Therefore, company's reputation of a large firm is a major concern for them. Furthermore, Giannarakis, (2014) observed that higher quality of CSR disclosure has been considered by large companies when they generate annual CSR report in various mediums.

## METHODOLOGY

The data employed for this study were outcome of the annual report of the corporations which are listed on Iraq stock exchange (ISX) during the period of 2016 to 2019. The sample of the corporations was selected using the

purposive sampling technique. A total of 27 corporations were finally chosen as samples. The method of analysis was the multiple regressions and the method of estimation was ordinary last squares (OLS).

## RESULTS AND DISCUSSION

### Descriptive Analysis of the Variables

Dataset of this study have 10 variables. And it will be useful to analysis all the variables based on their mean scores, minimum, maximum, and other related scores and based on cross tabulation with the industry categories, and years as the following.

Table:1 shows the overall scores for all the variables as mean, minimum, maximum, and standard deviation. The mean score of ROA among all companies is 0.06 with a deviation from -0.14 to 0.37. The mean score of NPM among all companies is 0.21 with a deviation from -1.79 to 5.09. The mean score of EPS among all companies is 0.37 with a deviation from -1.53 to 2.42. The mean score of TA among all companies is 1565034.36 million with a deviation from 175.79 to 47546560.05. The mean score of TR among all companies is 343532.76 million with a deviation from 54.43 to 7687055.71. The mean score of CSR- Environment among all companies is 3.8% with a deviation from 0% to 80%. The mean score of CSR- Employee among all companies is 15.9% with a deviation from 8% to 33%. The mean score of CSR- Community among all companies is 14.6 % with a deviation from 10% to 33%. The CSR- Products among all companies is 15.1% with a deviation from 10% to 33%. The mean score of CSR- Governance among all companies is 27.9% with a deviation from 5% to 48%.

**Table 1: Descriptive Statistics for the Research Variables**

Variables	Observation	Mean	Minimum	Maximum	Std. Deviation
Return of Assets	108	0.06	-0.14	0.37	0.07
Net Profit Margin	108	0.21	-1.79	5.09	0.57
Earnings Per Share	108	0.37	-1.53	2.42	0.56
Total Assets	108	1565034.36	175.79	47546560.05	7265370.49
Total Revenue	108	343532.76	54.43	7687055.71	1256215.52
CSR-Environment	108	0.038	0.000	0.800	0.131
CSR-Employee	108	0.159	0.080	0.330	0.078
CSR-Community	108	0.146	0.010	0.330	0.078
CSR-Products	108	0.151	0.010	0.330	0.074
CSR-Governance	108	0.279	0.050	0.480	0.102

### Correlation Matrix

The significance of correlation coefficients (r) is just one of the measures, through which the relation between pair of variables (just two variables) is actually examine as a shared relation without evidence of any type of cause-effect relation. Achievable connections vary from

+1.00 to -1.00. Usually, r values of 0 to 0.2 are actually generally remarked weak, 0.3 to 0.6 are marked average, and 0.7 to 1.0 are marked as powerful (Brace et.al, 2000). In this particular analysis, r is actually reviewed by utilizing Pearson correlation coefficients computed for sets of variables to test the significance of correlation coefficients.

**Table 2: Correlation Matrix between the Proposed Variables**

Variables		CSR-Env	CSR-Emp	CSR-Com	CSR-Prod	CSR-Gov	CSR_All	ROA	EPR	NPM	FP_All
CSR-Env	Correlation	1	.183	.165	.034	.222	.623	.159	.080	.064	.109
	Sig. (2-tailed)		.057	.088	.725	.021	.000	.100	.410	.508	.260
CSR-Emp	Correlation	.183	1	.568	.531	.458	.749	.583	.518	.385	.536
	Sig. (2-tailed)	.057		.000	.000	.000	.000	.000	.000	.000	.000
CSR-Com	Correlation	.165	.568	1	.543	.280	.688	.591	.563	.468	.585
	Sig. (2-tailed)	.088	.000		.000	.003	.000	.000	.000	.000	.000
CSR-Prod	Correlation	.034	.531	.543	1	.338	.633	.571	.529	.345	.521
	Sig. (2-tailed)	.725	.000	.000		.000	.000	.000	.000	.000	.000
CSR-Gov	Correlation	.222	.458	.280	.338	1	.661	.374	.312	.182	.312
	Sig. (2-tailed)	.021	.000	.003	.000		.000	.000	.001	.060	.001
CSR_All	Correlation	.623	.749	.688	.633	.661	1	.621	.532	.384	.554
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000	.000	.000	.000
ROA	Correlation	.159	.583	.591	.571	.374	.621	1	.909	.759	.963
	Sig. (2-tailed)	.100	.000	.000	.000	.000	.000		.000	.000	.000
EPS	Correlation	.080	.518	.563	.529	.312	.532	.909	1	.670	.930
	Sig. (2-tailed)	.410	.000	.000	.000	.001	.000	.000		.000	.000
NPM	Correlation	.064	.385	.468	.345	.182	.384	.759	.670	1	.878
	Sig. (2-tailed)	.508	.000	.000	.000	.060	.000	.000	.000		.000
FP_All	Correlation	.109	.536	.585	.521	.312	.554	.963	.930	.878	1
	Sig. (2-tailed)	.260	.000	.000	.000	.001	.000	.000	.000	.000	
*. Correlation is significant at the 0.05 level (2-tailed).											
**. Correlation is significant at the 0.01 level (2-tailed).											

Correlations between the side of financial performance (FP) variables (ROA, EPS, NPM, and FP\_All) and side of CSR variables (C\_Env, C\_Emp, C\_Com, C\_Prod, C\_Gov, and CSR\_All) are important for this study as all these relations are under investigation. All correlations to CSR-Environment is not significant because p values are above 0.05. In addition Correlation between CSR-Governance and NPM is not significant as well. However all the other ten correlations are significant at level 1% and the r values are within the range between 0.260 and 0.594. The highest correlation is between ROA and CSR-Employee and the lowest correlation is between EPR and C-Governance. Most correlations are allocated within average category

because most of it are between 0.3 and 0.6.

Multicollinearity is an essential assessment to assure that there are no interaction between variables from different levels of effect. In this study, collinearity must be free between independent variables level (CSR indicators) and financial performance indicators. Multicollinearity is estimated by variance inflation factor (VIF) with a margin score of 10 (Yusuf & Dasu, 2014; Mohsin et al., 2021a; Mohsin et al., 2019; Muhammad et al., 2019; Naseem et al., 2019, Salamat et al., 2018). As seen in Table 4.19, all scores of CSR indicator are less than 10 and the model data is free of collinearity interaction.

**Table 3: Multicollinearity Assessment of CSR indicators**

Model		Collinearity Statistics	
		Tolerance	VIF
1	C_Env	.921	1.085
	C_Emp	.538	1.859
	C_Com	.588	1.701
	C_Prod	.612	1.635
	C_Gov	.755	1.325

### Moderation Interaction Analysis

In statistics and regression analysis, moderation occurs when the relationship between two variables depends on a third variable. The third variable is referred to as the moderator variable or simply the moderator. The effect of a moderating variable is characterized statistically as an interaction; that is, a categorical (e.g., sex, ethnicity, class) or quantitative (e.g., level of reward) variable that affects the direction and/or strength of the relation between dependent and independent variables. Moderation analysis in the behavioural sciences involves the use of linear multiple regression analysis (OLS regression) or causal modelling. To quantify the effect of a moderating variable in multiple regression analyses, regressing random variable Y on X, an additional term is added to the model.

For this study, total assets and total revenue are assumed to have interaction in the relation from CSR different factors (five factors) towards financial performance. Therefore, ten moderating relations are examined as the following:

H1a Total assets (TA) as moderator for the relation between CSR-Environment and FP.

H1b Total assets (TA) as moderator for the relation between CSR-Employee and FP.

H1c Total assets (TA) as moderator for the relation between CSR-Community and FP.

H1d Total assets (TA) as moderator for the relation between CSR-Product and FP.

H1e Total assets (TA) as moderator for the relation between CSR-Government and FP.

H2a Total revenue (TR) as moderator for the relation between CSR-Environment and FP.

H2b Total revenue (TR) as moderator for the relation between CSR-Employee and FP.

H2c Total revenue (TR) as moderator for the relation between CSR-Community and FP.

H2d Total revenue (TR) as moderator for the relation between CSR-Product and FP.

H2e Total revenue (TR) as moderator for the relation between CSR-Government and FP.



**Table 4: Moderation Interaction Analysis**

Relationship	R2-change	Coeff	T	P value	LLCI	ULCI	Results
TA*(CSR-Environment → Overall FP)	0.115	-3.062	-3.854	0.000	-4.638	-1.487	Supported
TA*(CSR-Employee → Overall FP)	0.144	4.293	5.435	0.000	2.727	5.860	Supported
TA*(CSR-Community → Overall FP)	0.117	5.136	4.806	0.000	3.017	7.256	Supported
TA*(CSR-Product → Overall FP)	0.134	6.118	4.947	0.000	3.666	8.571	Supported
TA*(CSR-Governance → Overall FP)	0.000	0.007	0.006	0.995	-2.278	2.292	Not Support
TR*(CSR-Environment → Overall FP)	0.085	-2.659	-3.236	0.002	-4.289	-1.030	Supported
TR*(CSR-Employee → Overall FP)	0.166	5.120	5.939	0.000	3.411	6.830	Supported
TR*(CSR-Community → Overall FP)	0.060	3.696	3.232	0.002	1.428	5.964	Supported
TR*(CSR-Product → Overall FP)	0.107	5.506	4.307	0.000	2.971	8.041	Supported
TR*(CSR-Product → Overall FP)	0.003	0.575	0.586	0.559	-1.369	2.519	Not Supported

**Table 4:** shows the results of the moderation interaction as acquired via using the process tools of Hayes (2016). The moderation analysis is done with the assumption that OLS regression model is the prediction model for all moderation effects. The p value score is the most important value to decide existence of moderation interaction. Two of the moderation interactions are in non-significant level because the p value are above the threshold value of 0.05. The two rejected moderations are associated with the variable CSR-Governance. However, the other eight moderation interactions are in significant level because it causes a significant change in the overall model prediction (change in R2), which range between 0.060 and 0.166.

The moderation interaction of TA in the relationship between CSR-product and FP has the best moderation because the coefficient value is 6.118. The second moderation effect is the interaction of TR in the relationship between CSR-product and FP because the coefficient value is 5.506. The third moderation effect is the interaction of TA

in the relationship between CSR-community and FP because the coefficient value is 5.136. The fourth moderation effect is the interaction of TR in the relationship between CSR-employee and FP because the coefficient value is 5.120. The fifth moderation effect is the interaction of TA in the relationship between CSR-employee and FP because the coefficient value is 4.293. The sixth moderation effect is the interaction of TR in the relationship between CSR-community and FP because the coefficient value is 3.696. The seventh moderation effect is the interaction of TA in the relationship between CSR-environment and FP because the coefficient value is -3.062. The eighth moderation effect is the interaction of TR in the relationship between CSR-environment and FP because the coefficient value is -2.659. Finally, neither TA nor TR have a significant moderation impact in the relationship between CSR-governance and FP because the p value scores are above 0.05 (0.995 and 0.559), which associated with low coefficient values, 0.007 and 0.575 respectively.

**Moderation of TA\*(CSR-Environment Overall FP)**

Total assets moderating interaction in the relationship between CSR-environment and FP is significant because p value score of 0.000 and t statistic score of -3.854 are within the significant area. This moderation has the seventh

moderation effect because the coefficient value is -3.062 and the change in predictive power is 0.115. Therefore, hypothesis 6a is accepted and TA has a significant moderation impact in the relationship between CSR environment and overall FP.

**Table 5: Moderation of TA\*(CSR-Environment Overall FP)**

Hypothesis	R2-change	Coeff	T	P value	LLCI	ULCI	Result
H1a	0.115	-3.062	-3.854	0.000	-4.638	-1.487	Supported

**Moderation of TA\*(CSR-Employee Overall FP)**

Total assets moderating interaction in the relationship between CSR-employee and FP is significant because p value score of 0.000 and t statistic score of 5.435 are within the significant area. This moderation has the fifth

moderation effect because the coefficient value is 4.293 and the change in predictive power is 0.144. Therefore, hypothesis 6b is accepted and TA has a significant moderation impact in the relationship between CSR employee and overall FP.

**Table 6: Moderation of TA\*(CSR- Employee Overall FP)**

Hypothesis	R2-change	Coeff	T	P value	LLCI	ULCI	Result
H1b	0.144	4.293	5.435	0.000	2.727	5.860	Supported

**Moderation of TA\*(CSR-Community Overall FP)**

Total assets moderating interaction in the relationship between CSR-community and FP is significant because p value score of 0.000 and t statistic score of 4.806 are within the significant area. This moderation has the third

moderation effect because the coefficient value is 5.136 and the change in predictive power is 0.117. Therefore, hypothesis 6c is accepted and TA has a significant moderation impact in the relationship between CSR community and overall FP.

**Table 7: Moderation of TA\*(CSR- Community Overall FP)**

Hypothesis	R2-change	Coeff	T	P value	LLCI	ULCI	Result
H1c	0.117	5.136	4.806	0.000	3.017	7.256	Supported

**Moderation of TA\*(CSR-Product Overall FP)**

Total assets moderating interaction in the relationship between CSR-product and FP is significant because p value score of 0.000 and t statistic score of 4.947 are within the significant area. This moderation has the highest

moderation effect because the coefficient value is 6.118 and the change in predictive power is 0.134. Therefore, hypothesis 6d is accepted and TA has a significant moderation impact in the relationship between CSR product and overall FP.

**Table 8: Moderation of TA\*(CSR- Product Overall FP)**

Hypothesis	R2-change	Coeff	T	P value	LLCI	ULCI	Result
H1d	0.134	6.118	4.947	0.000	3.666	8.571	Supported

**Moderation of TA\*(CSR-Governance Overall FP)**

Total assets moderating interaction in the relationship between CSR-governance and FP is not significant because p value score of 0.995 and t statistic score of 0.006 are outside the significant area. This moderation has no

moderation effect because of the weak the coefficient value (0.007) and the weak change in predictive power (0.000). Therefore, hypothesis 6e is rejected and TA has no significant moderation impact in the relationship between CSR governance and overall FP.

**Table 9: Moderation of TA\*(CSR- Governance Overall FP)**

Hypothesis	R2-change	Coeff	T	P value	LLCI	ULCI	Result
H1e	0.000	0.007	0.006	0.995	-2.278	2.292	Not Support

**Moderation of TR\*(CSR-Environment Overall FP)**

Total revenue moderating interaction in the relationship between CSR-environment and FP is significant because p value score of 0.002 and t statistic score of -3.236 are within the significant area. This moderation has the eighth

moderation effect because the coefficient value is -2.659 and the change in predictive power is 0.085. Therefore, hypothesis 7a is accepted and TR has a significant moderation impact in the relationship between CSR environment and overall FP.

**Table 10: Moderation of TR\*(CSR-Environment Overall FP)**

Hypothesis	R2-change	Coeff	T	P value	LLCI	ULCI	Result
H2a	0.085	-2.659	-3.236	0.002	-4.289	-1.030	Supported

**Moderation of TR\*(CSR-Employee Overall FP)**

Total revenue moderating interaction in the relationship between CSR-employee and FP is significant because p value score of 0.000 and t statistic score of 5.939 are within the significant area. This moderation has the fourth

moderation effect because the coefficient value is 5.120 and the change in predictive power is 0.166. Therefore, hypothesis 7b is accepted and TR has a significant moderation impact in the relationship between CSR employee and overall FP.

**Table 11: Moderation of TR\*(CSR- Employee Overall FP)**

Hypothesis	R2-change	Coeff	T	P value	LLCI	ULCI	Result
H2b	0.166	5.120	5.939	0.000	3.411	6.830	Supported

**Moderation of TR\*(CSR-Community Overall FP)**

Total revenue moderating interaction in the relationship between CSR-community and FP is significant because p value score of 0.002 and t statistic score of 3.232 are within the significant area. This moderation has the sixth

moderation effect because the coefficient value is 3.696 and the change in predictive power is 0.060. Therefore, hypothesis 7c is accepted and TR has a significant moderation impact in the relationship between CSR community and overall FP.



**Table 12: Moderation of TR\*(CSR- Community Overall FP)**

Hypothesis	R2-change	Coeff	T	P value	LLCI	ULCI	Result
H2c	0.060	3.696	3.232	0.002	1.428	5.964	Supported

**Moderation of TR\*(CSR-Product Overall FP)**

Total revenue moderating interaction in the relationship between CSR-product and FP is significant because p value score of 0.000 and t statistic score of 4.307 are within the significant area. This moderation has the second

moderation effect because the coefficient value is 5.506 and the change in predictive power is 0.107. Therefore, hypothesis 7d is accepted and TR has a significant moderation impact in the relationship between CSR product and overall FP.

**Table 13: Moderation of TR\*(CSR- Product Overall FP)**

Hypothesis	R2-change	Coeff	T	P value	LLCI	ULCI	Result
H2d	0.107	5.506	4.307	0.000	2.971	8.041	Supported

**Moderation of TA\*(CSR-Governance Overall FP)**

Total revenue moderating interaction in the relationship between CSR-governance and FP is not significant because p value score of 0.559 and t statistic score of 0.586 are outside the significant area. This moderation has no

moderation affect because of the weak the coefficient value (0.575) and the weak change in predictive power (0.003). Therefore, hypothesis 7e is rejected and TR has no significant moderation impact in the relationship between CSR governance and overall FP.

**Table 14: Moderation of TR\*(CSR- Governance Overall FP)**

Hypothesis	R2-change	Coeff	T	P value	LLCI	ULCI	Result
H2e	0.003	0.575	0.586	0.559	-1.369	2.519	Not Support

**CONCLUSION**

The concept of Corporate Social Responsibility (CSR) has emerged over time and has gained considerable importance in the business world. The old notion that firms are in business only to maximize the shareholder's wealth has been replaced by the argument that corporate as the part of Community has certain responsibilities to the wider stakeholders not just shareholders. The corporations incur cost to fulfill voluntary responsibility and this cost can have considerable impact on the profitability of the firm. If the Community takes CSR practices as a good sign of citizenship, CSR expenditures especially in shape of charitable donations can significantly improve the firms' performance. This is because the investors may perceive such firms not only well established but also as they have

better governance structures promoting best practices within and outside the firms. Findings of this study are helpful for firms' management, investors, Community and most importantly the regulators. Firms' management can infer that, in Iraq, Community values the corporate actions for its betterment. However, CSR in the form of charitable donations may be considered as the first step towards good corporate culture. Many other actions that are being followed in the developed world e.g. environmental, educational and human right campaigns may also be adopted to further enhance the corporate reputation. Investors based on these findings can decide regarding their future investment plans. As CSR practices are concluded to have positive impact on the firm's profitability, these firms are expected to grow in future and investment in these companies can be seen as worthwhile. Community as a

whole should praise the better corporate citizenship so that business and society's mutual interest can grow together. Finally, the regulators can better control the firms' corporate practices by formulating the policy. Importantly, regulators have an assigned role to monitor and control corporate actions and they should promote firms' Community and environmental protection actions.

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